

## **EXPANDED VOLUNTARY SEPARATION INCENTIVE PROGRAM (VSIP) INFORMATION SHEET**

**PURPOSE:** The purpose of VSIP Phase II is to create vacancies for employees who are scheduled to be separated by RIF at other DoD activities. Cash incentives of up to \$25,000 will be offered to employees in continuing positions who agree to voluntarily retire or resign so that surplus employees can be placed in their jobs.

### **APPLICATION PROCEDURES**

A. **ELIGIBILITY:** If you respond to the work force survey and are in one of the following categories, you will be eligible to apply for the VSIP once DoD identifies a surplus employee who is available for placement in your position:

1. **Optional Retirement:** Employees meeting the existing requirements under either the Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS).
2. **Voluntary Early Retirement:** Employees with at least 20 years of service at age 50 or 25 years service at any age may retire under the Voluntary Early Retirement Authority (VERA). If covered under the CSRS, employees will take a reduction in their annuities of two percent per year for each full year under age 55. This reduction is permanent and will not decrease when the annuitant reaches age 55. Employees covered under the FERS take no annuity reduction for retiring under age 55.
3. **Resignation:** Employees under any retirement system may resign at anytime.

B. **INELIGIBILITY:** You are ineligible to receive the separation incentive if you: (1) have not been continuously employed by the Federal government for 12 months; (2) are on a time-limited appointment; (3) are a reemployed annuitant or a military retiree receiving dual compensation under a waiver; (4) are eligible for disability retirement; (5) are receiving a retention allowance; (6) are covered by a written service agreement; (7) have accepted a position with another Federal agency; or (8) are in the Senior Executive Service.

C. **DATE OF SEPARATION:** If you apply for the VSIP and your application is approved, your voluntary separation normally must be effective before the reporting date of the PPP registrant selected for your position. Your activity may extend the effective date for a brief period if the need is compelling.

D. WITHDRAWAL OF APPLICATIONS: Approval of your application indicates that a surplus employee has accepted the offer of your position. The application cannot be withdrawn once approved, at which time you are committed to voluntary separation and entitled to receive the cash incentive. However, if the surplus employee who accepted the offer later declines, you will be permitted to withdraw the application and remain in your position. If you elect not to withdraw the application, you will still receive the incentive upon separation.

## **INCENTIVE PAYMENTS**

A. FORMULA FOR COMPUTING INCENTIVE AMOUNTS: If approved, the incentive will be paid after separation in a lump sum less deductions for FICA/Medicare taxes, Federal income tax, and applicable state and local taxes. The amount of the incentive payment before deductions will be the lesser of: (1) \$25,000; or (2) the amount that you would be entitled to receive under the formula for computing severance pay. The severance pay formula includes both a basic allowance and an age adjustment allowance that is computed as follows:

1. BASIC ALLOWANCE: One week's basic pay adjustment if applicable) for each year of civilian service up to 10 years and two week's basic pay for each year of civilian service beyond 10 years.
2. AGE ADJUSTMENT ALLOWANCE: Ten (10) percent of the basic allowance for each year that you exceed age 40 at the time of your separation.
3. LIMIT: Severance pay may not exceed an amount equal to 52 week's basic pay.

## **B. SAMPLE COMPUTATIONS**

### **EXAMPLE No. 1**

A GS-12, Step 6 employee whose duty station is in a "Rest of U.S." locality pay area applied for the VSIP under the Voluntary Early Retirement Authority. The employee's basic pay at the time of separation including the locality rate adjustment was \$65,285, or a weekly rate of \$1,251.20 (NOTE: The weekly rate is computed by first determining the hourly rate and then multiplying by 40. Employees paid under the Federal Wage System should already know their hourly wage rate. The hourly rate for employees in positions covered by the General Schedule is obtained by dividing the annual salary by 2087). The employee's age at the time of separation was 52 and she had 22 years of civilian service. Her incentive amount is computed as follows:

### Basic Severance Allowance

1 week Basic Pay	\$ 1,251.20
(Years service up to 10)	<u>X 10</u>
	<b>\$ 12,512.00</b>

2 weeks Basic Pay	\$ 2,502.40
(Years of service beyond 10)	<u>X 12</u>
	<b>\$ 30,028.80</b>

<b>Basic Severance Allowance</b>	<b>\$ 42,540.80</b>
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### Age Adjustment Allowance

Basic Severance Allowance	\$ 42,540.80
10 % of Basic Severance Allowance	<u>X .10</u>
	<b>\$ 4,254.08</b>

(Number of Years age exceed 40)	<u>X 12</u>
Age Adjustment Allowance	<b>\$ 51,048.96</b>

<b>Basic Severance Allowance</b>	<b>\$ 42,540.80</b>
<b>Plus Age Adjustment allowance</b>	<b>+ 51,048.96</b>
<b>Total Severance Pay Fund</b>	<b>\$ 93,589.76</b>

- Since the **Total Severance Pay Fund, \$93,589.76** exceeds the employee's annual salary, the severance amount is limited to **\$65,285**.
- Incentive Payment equals **\$25,000**.
- Employees may be paid an amount equal to what they would be entitled to receive under the severance pay formula or \$25,000, whichever is the *lesser* amount.

## EXAMPLE No. 2

A WG-04, step 2, employee has applied for the VSIP under the resignation option. At the time of his resignation, he is paid at an hourly rate of \$10.24 or a weekly rate of \$409.60. His age at separation is 29 and he has 5 years of civilian service. His incentive amount is computed as follows:

### Basic Severance Allowance

1 week Basic Pay	\$ 409.60
(Years service up to 10)	<u>X 5</u>
<b>Total Severance Pay Fund</b>	<b>\$ 2,048.00</b>

- There is no service or age adjustment. Employee has less than 10 years service and is under 40.
- Incentive Payment equals **\$2,048.00**.
- Employees may be paid an amount equal to what they would be entitled to receive under the severance pay formula or \$25,000, whichever is the *lesser* amount.

## REEMPLOYMENT ELIGIBILITY

If you accept VSIP and then are reemployed by the Federal government within 5 years, you will be required to repay the full amount received. Additionally, you will be ineligible for registration in the DoD Priority Placement Program.